

UNCLASSIFIED

Current Class: CONFIDENTIAL

Current Handling: n/a

Document Number: 1985BOGOTAB1, 1.5(D)

RELEASED IN PART

EII
Page 1

Channel: n/a

CONFIDENTIAL

PAGE 01 BOGOTA 10796 042220Z
ACTION ARA-00INFO LOG-00 COPY-01 ADS-00 INR-10 CIAE-00 EB-08 DODE-00
H-01 NSAE-00 COME-00 SY-06 MCT-03 STR-14 DOEE-00
/043 W -----310522 050302Z /72R 042219Z SEP 85
FM AMEMBASSY BOGOTA
TO SECSTATE WASHDC 2124

C O N F I D E N T I A L BOGOTA 10796

E.O. 12356: DECL: OADR
TAGS: EPET, CO
SUBJECT: WITHOUT PIPELINE REFIT, CANO LIMON OIL CANNOT
BE MARKETED UNTIL NEXT APRIL.

1. CONFIDENTIAL - ENTIRE TEXT

2. SUMMARY: UNLESS OXY, SHELL AND ECOPETROL INVEST 24 MILLION DOLLARS TO REFIT AN EXISTING OIL PIPELINE CONNECTING AYACUCHO AND CONVENAS, NO CANO LIMON OIL WILL BE SOLD UNTIL NEXT APRIL. THE PROBLEM IS THAT ALTHOUGH THE FIRST TWO SEGMENTS OF THE CANO LIMON PIPELINE SHOULD BE READY BY JANUARY, THE BARRANCA REFINERY ALREADY HAS SUFFICIENT SUPPLIES OF CRUDE AND LACKS THE CAPACITY TO REFINE MORE FROM CANO LIMON. END SUMMARY.

3. CANO LIMON OIL WILL NOT BE MARKETED BY THE END OF 1985 AS PLANNED UNLESS THE COMPANIES INVOLVED IN THE PROJECT AGREE TO REFIT AN EXISTING PIPELINE BETWEEN AYACUCHO AND COVENAS. THE PROBLEM, ACCORDING TO A KNOWLEDGEABLE OIL COMPANY OFFICIAL, IS THAT THE REFINERY AT BARRANCABER MEJA WILL ALREADY BE RECEIVING ADEQUATE SUPPLIES OF CRUDE FROM OTHER COLOMBIAN FIELDS BY DECEMBER, AND THEREFORE WILL BE UNABLE TO USE CANO LIMON CRUDE. IN ORDER TO BEGIN PUMPING 60,000 BARRELS PER

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BOGOTA 10796 042220Z

DAY BY JANUARY 1986, OCCIDENTAL AND SHELL HAVE PROPOSED TO ECOPETROL THAT THEY SPEND 24 MILLION DOLLARS TO REHABILITATE THE CHEVRON PIPELINE MENTIONED ABOVE.

Current Class: CONFIDENTIAL

Page: 1

UNITED STATES DEPARTMENT OF STATE

REVIEW AUTHORITY: OSCAR J. OLSON

DATE/CASE ID: 5 NOV 2002 200201334

CLASSIFICATION: CONFIDENTIAL REASON: 1.6(6)

DECLASSIFY AFTER: 3 SEP 2010

UNCLASSIFIED

UNCLASSIFIED

Current Class: CONFIDENTIAL
Current Handling: n/a
Document Number: 1985BOGOTA10796

Page: 2

Channel: n/a

OTHERWISE, THEY WILL NOT BE ABLE TO SELL ANY ARAUCA CRUDE UNTIL APRIL 1986, WHEN BECHTEL DELIVERS THE FINAL SEGMENT OF THE PIPELINE BETWEEN AYACUCHO AND COVENAS. OUR SOURCE SAID THAT ANY OIL PUMPED BEFORE APRIL OF NEXT YEAR WILL BE REFINED AT THE CARTAGENA REFINERY AND CONSUMED DOMESTICALLY.

4. IN ANY CASE, OXY IS NOW CONFIDENT THAT THE PIPELINE BETWEEN ARAUCA AND AYACUCHO WILL BE IN SERVICE BY JANUARY 1986. ONLY 70 KILOMETERS OF RIGHT-OF-WAY REMAIN TO BE PREPARED AND THE CONSTRUCTION COMPANIES ARE REPORTED TO BE LAYING 1.5 KILOMETERS OF PIPE DAILY. OUR SOURCE SAID THAT OXY HAS PROVIDED HEAVY DUTY HELICOPTERS AND IS PREPARED TO SUPPLY WHATEVER OTHER RESOURCES OR EQUIPMENT TO THE CONSTRUCTION COMPANIES IN ORDER TO FINISH THE PIPELINE IN DECEMBER. THE ECONOMICS OF THE PROJECT AND OXY'S PRESTIGE IN GETTING THE JOB DONE ARE BEHIND THIS CORPORATE POSTURE.

5. OUR SOURCE ALSO SAID THAT NO DECISIONS HAVE BEEN FINALIZED ABOUT HOW OR WHO WILL MARKET THE ARAUCA OIL, BUT IT NOW APPEARS THAT ALL OF IT WILL BE EXPORTED. REPORTEDLY, ACCORDING TO THE TERMS OF THE CRAVO NORTH ASSOCIATION CONTRACT, ECOPETROL AND OXY SHOULD BE INDIFFERENT TO WHICH COMPANY IS GIVEN RESPONSIBILITY FOR EXPORTING THIS CRUDE SINCE THEIR RETURNS WILL BE IDENTICAL. OXY, HOWEVER, WILL TRY TO OBTAIN CONTROL OVER INTERNATIONAL MARKETING IN ORDER TO AVOID HAVING TO WAIT FOR THE GOC TO RELINQUISH OXY'S SHARE OF THE FOREIGN EXCHANGE EARNINGS FOR THE OIL SALES.

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 BOGOTA 10796 042220Z

B1

Current Class: CONFIDENTIAL

Page: 2

UNCLASSIFIED

UNCLASSIFIED

Current Class: CONFIDENTIAL
Current Handling: n/a
Document Number: 1985BOGOTA10796

Page: 3

Channel: n/a

B1

GILLESPIE

CONFIDENTIAL

NNN

Current Class: CONFIDENTIAL

Page: 3

UNCLASSIFIED